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INTERSTATE COMMERCE COMMISSION

LEASE OF RAILROAD EQUIPMENT

DATED April 27, 1972

FROM

GATX LEASING CORPORATION,

A DELAWARE CORPORATION,

LESSOR

TO

GEORGE P. BAKER, RICHARD C. BOND

JERVIS LANGDON, JR. AND WILLARD WIRTZ

Trustees of the Property of

PENN CENTRAL TRANSPORTATION COMPANY, DEBTOR

Lessees

100 Airslide Cars

THIS LEASE OF RAILROAD EQUIPMENT, dated April 27, 1972 between GATX Leasing Corporation, a corporation of the State of Delaware, (hereinafter called "Lessor"), and George P. Baker, Richard C. Bond, Jervis Langdon, Jr. and Willard Wirtz, as Trustees of the property of Penn Central Transportation Company, Debtor, (hereinafter called the "Railroad"), and the successors of said Trustees, or any of them, (hereinafter called "Lessee").

WITNESSETH:

WHEREAS, General American Transportation Corporation (hereinafter called "Manufacturer") and Lessor have entered into a Purchase Agreement dated April 18, 1972 (hereinafter called "Purchase Agreement") whereby Manufacturer has agreed to manufacture, sell and deliver and Lessor has agreed to purchase and pay for 100 covered hopper cars equipped with air activated unloading devices (hereinafter called the "Cars") which are identified in Exhibit A attached heretc; and

WHEREAS, the Cars are to be manufactured in accordance with the specifications approved by Lessees, (hereinafter called the "Specifications"); and,

WHEREAS, the terms and provisions contained in this Lease constitute the only understanding, oral or written, between Lessor and Lessees relating to the Cars; and,

WHEREAS, the aforesaid George P. Baker, Richard C. Bond, Jervis Langdon, Jr. and Willard Wirtz have been duly appointed Trustees of the property of the Railroad by an order of the United States District Court for the Eastern District of

Pennsylvania (the Court) in a proceeding under Section 77 of the Bankruptcy Act entitled "In the Matter of Penn Central Transportation Company, Debtor, No. 70-347", and said appointment has been duly ratified by an order of the Interstate Commerce Commission, and said Trustees have duly qualified as such and are now in possession of and operating the property of the Railroad pursuant to the provisions and directions contained in orders of said Court; and

WHEREAS, by an order of said Court dated April 21, 1972, the form and terms of this Lease were approved by said Court in substantially the present form hereof, and Lessees were duly authorized and directed to execute and deliver this Lease, and otherwise to make and carry out the covenants and agreements on their part herein contained; and

WHEREAS, Lessees represent that all acts and things necessary to make this Lease valid and binding upon Lessees have been done and performed;

NOW, THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by Lessees, Lessor hereby leases the Cars to Lessees and Lessees hereby hire the Cars from the Lessor upon the following terms and conditions:

SECTION 1. DELIVERY AND ACCEPTANCE OF CARS. During the manufacture of each Car the Lessees will cause the materials and other components which are to be incorporated in, and the construction of, such Car to be inspected by their authorized

representative at Manufacturer's East Chicago, Indiana Plant No. 1. Promptly after completion of manufacture thereof Lessor will require the Manufacturer to cause such Car to be tendered to Lessor and, on behalf of Lessor, to Lessees f.o.t. Blue Island, Illinois. Upon such tender Lessees will forthwith cause such Car to be further inspected by the authorized representative referred to above and, if such Car complies fully with the Specifications and is in good order and ready for service, Lessees will cause such representative to execute and deliver to Lessor and to the Manufacturer a Certificate of Inspection and Acceptance, substantially in the form hereto attached as Exhibit B, whereupon such Car shall be deemed to have been delivered to and accepted by Lessees, and shall be subject immediately thereafter to all the terms and conditions of this Lease.

In the event that less than all of the Cars are delivered and accepted under the terms of this Lease, then concurrently with the delivery and acceptance of the last Car so delivered and accepted, Lessees will cause to be executed and delivered to Lessor a supplement to this Lease, in substantially the form attached as Exhibit C hereto.

At all times during the continuance of this Lease title to the Cars shall be vested in Lessor to the exclusion of Lessee, and any rights of Lessee in respect of the Cars shall constitute a leasehold interest only.

The Cars are to be delivered by the Manufacturer to the Lessor on or before July 1, 1972 subject to rescheduling of

shop space and delays due to strikes, differences with workmen, labor troubles, acts of God, Governmental acts and regulations, war or war conditions, riots or civil commotion, sabotage, fires, floods, explosions or other accidents, or to delays of carriers or of subcontractors or in receipt of materials, or to delays occasioned by or arising in connection with the construction of other cars or products for Manufacturer's other customers, or to any other cause or causes (whether or not of the same general character as those herein specifically enumerated) beyond Manufacturer's reasonable control. This Lease shall not be effective as to any cars not delivered and accepted on or before July 1, 1972 (the cutoff date) unless and to the extent such delivery and acceptance is delayed for the reasons above stated. The Manufacturer has reserved the right to schedule construction of the Cars before or after orders received for cars from other customers before or after the date of this Lease, but will schedule the Cars for construction so that under normal business conditions the Cars would be completed by July 1, 1972. Delays above mentioned occurring before or during such construction period will excuse delivery by such date and extend the cutoff date.

SECTION 2. TERM OF THE LEASE. The initial term of this Lease, (hereinafter called the "Initial Term"), as to each Car shall commence on the date of delivery to Lessees specified in the Certificate of Inspection and Acceptance for such Car (hereinafter the "Delivery Date") and, subject to the provisions

of Sections 9 and 11 hereof, shall terminate on the date, (hereinafter called the "Initial Term Terminal Day"), preceding the fifteenth anniversary of the Average Date of Acceptance as hereinafter defined in this Section 2. The term of this Lease as to each car shall expire on the Initial Term Terminal Day unless Lessees exercise either or both of their rights and options to extend the term of this Lease as hereinafter provided in this Section 2.

Unless an Event of Default under Section 11 hereof shall have occurred and be continuing, Lessees shall have the right and option, by written notice given to Lessor not less than six months (6) prior to the Initial Term Terminal Day, for the first of the Cars delivered pursuant to this Lease (i) to purchase all but not less than all of the Cars at a price equal to their then fair market value, or (ii) to extend, subject to the provisions of Section 9 hereof, the term of this Lease with respect to all but not less than all of the Cars then subject to this Lease for an additional period of five (5) years, (hereinafter called the "First Extended Term"), commencing for each Car on the fifteenth anniversary of the Average Date of Acceptance as hereinafter defined in this Section 2, and ending on the day, (hereinafter called the "First Extended Term Terminal Day"), preceding the twentieth anniversary of the Average Date of Acceptance as hereinafter defined in this Section 2.

Unless an Event of Default under Section 11 hereof shall

have occurred and be continuing, Lessees shall have the right and option, by written notice given to Lessor not less than six months (6) prior to the First Extended Terminal Day for the first of the Cars delivered pursuant to this Lease, (i) to purchase all but not less than all of the Cars at a price equal to their then fair market value, or (ii) to further extend, subject to the provisions of Section 9 hereof, the term of this Lease with respect to all but not less than all of the Cars then subject to this Lease for an additional period of five (5) years, (hereinafter called the "Second Extended Term"), commencing on the twentieth anniversary of the Average Date of Acceptance as hereinafter defined in this Section 2, and ending on the day (hereinafter called the "Second Extended Term Terminal Day"), preceding the twenty-fifth anniversary of the Average Date of Acceptance as hereinafter defined in this Section 2.

Unless an Event of Default under Section 11 hereof shall have occurred and be continuing, Lessees shall have the right and option, by written notice given to Lessor not less than six months (6) prior to the Second Extended Term Terminal Day for the first of the Cars delivered pursuant to this Lease to purchase all but not less than all of the Cars at a price equal to their then fair market value.

In the event that Lessees exercise either or both of such rights and options to extend the term of this Lease, the appropriate provisions of this Lease shall be applicable during

such extended term of this Lease.

From and after the date of execution hereof until the expiration or termination of the Initial Term or any extension thereof, as to any Car as set forth in this Section, this Lease shall not be subject to termination by Lessor except pursuant to Section 11 hereof upon the occurrence of an Event of Default, or by Lessees except pursuant to Section 9 hereof.

For the purposes of this Lease, the "Average Date of Acceptance" shall be the first day of the calendar month next succeeding a date determined as follows: the number of Cars accepted by Lessees on each Delivery Date on or prior to the cutoff date as extended shall in each case be multiplied by the number of days elapsed subsequent to the Delivery Date of the first Car accepted; the products so obtained shall be added together and divided by the total number of Cars accepted on or prior to the last date on or prior to the cutoff date as extended on which any of the Cars were accepted; and the quotient so obtained (rounded out to the nearest whole number) will be the number of days elapsed subsequent to the date of the acceptance of the first Car to and including the date which is the Average Date of Acceptance; provided, however, that the Average Date of Acceptance may be such other date as shall be agreed upon in writing by Lessor and Lessees.

SECTION 3. RENTALS. Lessees agree to pay to Lessor, in cash, for the Initial Term of this Lease rental for each of the

Cars subject to this Lease at the monthly rate specified for such type of Car in Exhibit A hereof. Such rental shall be payable monthly in advance and shall commence to accrue on the Delivery Date for each Car and shall continue during the period ending on the earlier of (i) the Initial Term Terminal Day, or (ii) the date, if any, on which this Lease shall terminate with respect to any such Car pursuant to Section 9 or Section 11 hereof.

Lessee agrees to pay such rental to Lessor as follows: For the calendar month during which a Car is delivered and accepted, a daily pro rata rental rate for such Car will be payable from the Date of Delivery through the last day of that month on or before the tenth day of the following month plus interest on the daily pro rata rental at the rate of .000021111% per day. The rental for each succeeding month shall be payable on the first business day of the calendar month succeeding the month in which the Car is delivered.

As additional rental Lessees shall pay and discharge, when due, all taxes for which it is liable pursuant to Section 7 of this Lease and all insurance premiums for which it is liable pursuant to Section 8 of this Lease.

This Lease is a net lease and the Lessee shall not be entitled to any abatement of rent, reduction thereof or setoff against rent, including, but not limited to, abatements, reductions or setoffs due or alleged to be due to, or by reason of, any past, present or future claims of the Lessee

against the Lessor under this Lease or the Manufacturer or otherwise; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or damage to or loss of possession or loss of use of or destruction of all or any of the Cars from whatsoever cause, the prohibition of or other restriction against Lessee's use of all or any of the Cars, the interference with such use by any person or entity, the invalidity or unenforceability or lack of due authorization of this Lease, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease, or unless the Lease terminates without default by the Lessees or possession of the Cars is taken by a person claiming by, through or under the Lessor or a predecessor or successor in interest to the Lessor, and the Lessees shall not be in default under this Lease.

In the event that Lessees exercise their first right and option to extend the term of this Lease, Lessees agree to pay to Lessor monthly in arrears in cash during the First Extended Term rental for each of the Cars then subject to this Lease equal to the Fair Rental Value, as hereinafter defined in this Section 3, of such car on the fifteenth anniversary of the Average

Date of Acceptance and ending on the earlier of (i) the First Extended Term Terminal Day or (ii) the date, if any, on which this Lease shall terminate with respect to such Car pursuant to Section 9 or Section 11 hereof.

In the event that Lessees exercise their second right and option to further extend the term of this Lease, Lessees agree to pay to Lessor monthly in arrears in cash during the Second Extended Term rental for each of the Cars then subject to this Lease equal to the Fair Rental Value, as hereinafter defined in this Section 3, of such Car on the twentieth anniversary of the Average Date of Acceptance and ending on the earlier of (i) the Second Extended Term Terminal Day, or (ii) the date, if any, on which this Lease shall terminate with respect to such Car pursuant to Section 9 or Section 11 hereof.

If on or before four months prior to the expiration of the First Extended Term of this Lease, Lessor and Lessees are unable to agree upon a determination of the Fair Rental Value of such Cars, the Fair Rental Value shall be determined by an independent appraiser mutually agreed upon by the Lessor and Lessees, or failing such agreement, a panel of three independent appraisers, one of whom shall be selected by Lessor, the second by Lessees and the third designated by the first two so selected. The appraiser or appraisers shall be instructed to make such determination within a period of thirty days following appointment and shall promptly communicate such determination in writing to Lessor and Lessees. The determination so made shall be conclusively binding upon both Lessor and Lessees. The expenses

and fees of the appraiser or appraisers shall be borne equally by Lessees and Lessor.

Fair Rental Value shall mean at any time for the determination thereof an amount determined on the basis of, and equal to, the value which would obtain in an arms-length transaction between an informed and willing lessee-user (other than a lessee-user currently in possession) and an informed and willing lessor under no compulsion to lease and, in such determination, cost of removal from the location of current use shall not be a deduction from such value.

All payments to be made to Lessor shall be made at the office of Lessor at Suite 2601, One Embarcadero Center, San Francisco, California 94111, or at such other place or places as shall be directed in writing by Lessor.

SECTION 4. COVENANTS, REPRESENTATIONS AND WARRANTIES.

(a) Lessor represents and warrants that at the time a Car becomes subject to this Lease, Lessor will be the true and lawful owner thereof and that such Car will be free and clear of all liens and encumbrances of any nature whatsoever except only the rights of Lessees hereunder and of the holder of any chattel mortgage or conditional sale agreement or of the trustee of an equipment trust or of the holder of any other lien created by the Manufacturer or the Lessor on such Cars (subject to the rights of Lessees) and except for liens for taxes, assessments or governmental charges or levies not yet due and delinquent or not yet subject to penalty for non-payment,

or undetermined or inchoate materialmen's, mechanics', workmen's repairmen's, employees' or other like liens arising in the ordinary course of business and not delinquent (such liens being herein called "Permitted Liens"). Lessor agrees to pay or hold the Lessees harmless from any such Permitted Liens. THE FOREGOING WARRANTY IS EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES BY LESSOR, WHETHER WRITTEN, ORAL OR IMPLIED INCLUDING WITHOUT LIMITATION ANY WARRANTY OF MERCHANTABILITY OR FITNESS OF ANY KIND.

(b) Lessor hereby irrevocably appoints and constitutes the Lessees as its agent and attorney-in-fact during the term of this Lease, at the expense of Lessees, to assert and enforce from time to time, in the name and for the account of the Lessor, the Lessees or both of them as their interests may appear, whatever claims and right the Lessor may have against the Manufacturer or the manufacturer of any component part of the Cars.

(c) Lessees represent and warrant that:

(i) Lessees, George P. Baker, Richard C. Bond, Jervis Langdon, Jr. and Willard Wirtz, have been duly appointed as Trustees of the Property of the Railroad by an order of the United States District Court for the Eastern District of Pennsylvania; the appointment of said Trustees has been duly ratified by an order of the Interstate Commerce Commission;

and said Trustees are duly vested with the title to the properties of the Railroad and have the power and authority to carry on its business.

(ii) The execution and delivery of this Lease by Lessees and their assumption and undertaking of the obligation, duties and liabilities hereof have been duly authorized by an order of said Court; and this Lease is legal, valid, binding and enforceable against Lessees in accordance with its terms.

(iii) The rights of Lessor as herein set forth and the title of Lessor to the Cars are free and clear of the lien, charge or security interest created by any mortgage, security agreement or other instrument binding upon the Railroad or Lessees.

(iv) There is no provision in any existing mortgage, indenture, contract or agreement binding on the Railroad or Lessees which would be contravened by the execution, delivery or performance by the Lessees of the terms of the Lease.

(v) No consent of the trustees or holders of any indebtedness is or will be required as a condition to the validity of this Lease.

(vi) Except for the authorization by the United States District Court for the Eastern District of Pennsylvania of the execution and delivery of this Lease by the Lessees, no governmental authorizations, approvals or exemptions

are required and no registration with any governmental agency or commission is necessary for the execution, delivery or performance of this Lease or for the validity and enforceability hereof or for the leasing of the Cars hereunder, for the rentals and on the other terms and conditions herein provided; or if any such authorizations or registrations are required, they will be or have been obtained or accomplished and, if any such shall hereafter be required, they will be promptly obtained or accomplished.

(vii) No litigation or administrative proceedings are pending or, to the knowledge of Lessees, are threatened against Lessees, the adverse determination of which would affect the validity of this Lease or the rights of Lessor hereunder.

(viii) The execution, delivery and performance of this Lease will not contravene any provision of law, including without limitation thereto any statute, rule, regulation, judgment, decree, order, franchise, or permit applicable to the Railroad or Lessees.

(ix) Obligations to make rental and other payments under this Lease will constitute expenses of administration of Lessees, payable on a parity with other equipment obligations theretofore or thereafter

assumed or incurred by Lessees; and, upon occurrence of an Event of Default under this Lease, any claim for damages will constitute an expense of administration, and Lessor shall be entitled to repossess the Cars in accordance with the provisions of this Lease.

SECTION 5. OPINIONS OF COUNSEL. Concurrently with the delivery of Certificates of Inspection and Acceptance hereunder, Lessees will deliver to Lessor an opinion of Robert W. Blanchette Esq., Counsel for Lessees, or an attorney designated by him, satisfactory to Lessor, to the effect that:

(i) Lessees, George P. Baker, Richard C. Bond, Jervis Langdon, Jr. and Willard Wirtz, have been duly appointed as Trustees of the Property of the Railroad by an order of the United States District Court for the Eastern District of Pennsylvania; the appointment of said Trustees has been duly ratified by an order of the Interstate Commerce Commission; and said Trustees are duly vested with the title to the properties of the Railroad and have the power and authority to carry on its business.

(ii) The execution and delivery of this Lease by Lessees and their assumption and undertaking of the obligations, duties and liabilities hereof have been duly authorized by an order of said Court; and this Lease is legal, valid, binding and enforceable against

Lessees in accordance with its terms.

(iii) The rights of Lessor as herein set forth and the title of Lessor to the Cars are free and clear of the lien, charge or security interest created by any mortgage, security agreement or other instrument binding upon the Railroad or Lessees.

(iv) There is no provision in any existing mortgage, indenture, contract or agreement binding on the Railroad or Lessees which would be contravened by the execution, delivery or performance by the Lessees of the terms of the Lease.

(v) No consent of the trustees or holders of any indebtedness is or will be required as a condition to the validity of this Lease.

(vi) No litigation or administrative proceedings are pending or, to the knowledge of Lessees, are threatened against Lessees, the adverse determination of which would affect the validity of this Lease or the rights of Lessor hereunder.

(vii) The execution, delivery and performance of this Lease will not contravene any provision of law, including without limitation thereto any statute, rule, regulation, judgment, decree, order, franchise, or permit applicable to the Railroad or Lessees.

(viii) Obligations to make rental and other payments

under this Lease will constitute expenses of administration of Lessees, payable on a parity with other equipment obligations theretofore or thereafter assumed or incurred by Lessees; and, upon occurrence of an Event of Default under this Lease, any claim for damages will constitute an expense of administration, and Lessor shall be entitled to repossess the Cars in accordance with the provisions of this Lease.

(ix) This Lease has been filed and recorded in such public offices as are necessary for the full protection of the rights of Lessor in the United States of America and in Canada.

(x) Approval of the Court in the proceedings for the reorganization of the Railroad has been obtained and no other governmental authority is necessary for the execution and delivery of this Lease, or if any such approval is necessary (specifying the same), that it has been obtained. Counsel for Lessees or attorneys designated by him to deliver such opinion to Lessor may rely upon an opinion of Canadian counsel.

SECTION 6. IDENTIFICATION OF CARS: NUMBERING. Upon or before the delivery to Lessees of each of the Cars, the Lessees agree to cause to be plainly, distinctly, permanently and conspicuously placed or fastened upon each side of such Car a legend bearing the following words in letters not less than one inch

in height:

"GATX LEASING CORPORATION
SAN FRANCISCO, CALIFORNIA,
OWNER AND LESSOR"

In case, during the continuance of this Lease, any such legend shall at any time be painted over or otherwise made inconspicuous, removed, defaced or destroyed on any Car, Lessees shall immediately cause the same to be restored or replaced. Lessees will not allow the name of any person, association or corporation to be placed on any of the Cars as a designation which might be interpreted as indicating a claim of ownership thereof by any person, association or corporation other than Lessor or its assignee; but the Cars may be lettered with the names or initials or other insignia customarily used by Lessees on equipment of the same or a similar type for convenience of identification of the rights to use and operate the Cars under this Lease.

On or prior to the time of delivery of each Car to Lessees, the Lessees agree to cause to be placed on each side of such Car the Railroad's Road Number. At all times thereafter, during the continuance of this Lease, Lessees will cause each Car to bear the numbers and reporting marks so assigned to it, and Lessees will not change or permit to be changed the numbers of any Car except in accordance with a statement of new numbers to be substituted therefor which previously shall have been filed with Lessor by the Lessees and filed, recorded or deposited in all public offices where this Lease will have been filed, recorded or deposited.

SECTION 7. TAXES; INVESTMENT TAX CREDIT: INDEMNIFICATION

7(a) TAXES. Lessees agree that, during the continuance of this Lease, in addition to the rentals herein provided, Lessees will promptly pay all taxes, assessments, license fees and other governmental charges (including interest and penalties thereon) levied or assessed upon or in respect of the Cars or any thereof or upon the use or operation thereof or the earnings of Lessees arising therefrom, if and to the extent that any such taxes, assessments or other governmental charges may give rise to any lien upon the Cars or may become a claim entitled to priority over any of the rights of Lessor in and to the Cars, and as additional rental will promptly pay or reimburse Lessor for all taxes, assessments, license fees and other governmental charges (including interest and penalties thereon) levied or assessed against Lessor or any successor in title of Lessor solely on account of ownership of the Cars or any thereof or on account of the use or operation thereof or on account of the earnings arising therefrom (exclusive, however, of any tax in the nature of an income tax or the net income from the rentals herein provided), including any sales, use, property or similar taxes payable on account of the sale or delivery of the Cars hereunder; but Lessees shall not be required to pay the same so long as they shall in good faith and by appropriate legal or administrative proceedings contest the validity or amount thereof

document which is inconsistent with the foregoing intent and that it will take such action and execute such documents, as may be lawful, reasonable and necessary to facilitate accomplishment of this intent.

7 (b) (1) If a determination is made by the Internal Revenue Service ("IRS") or by any court decision (including a decision of the United States Tax Court) (hereinafter referred to as a "Final Determination") that (i) due to any act or omission of the Lessees, the Lessor shall not have or shall lose (by recapture or otherwise) the right to claim, or there shall be disallowed any portion of, the investment credit (provided for in Sections 38 and 46 through 50 of the Code, as in effect on the date of this Agreement) equal to 7 percent of the Lessor's "qualified investment" (within the meaning of Section 46(c) of the Code and Sections 1.46-3 and 1.1502-3 of the Treasury Income Tax Regulations) (hereinafter called "Qualified Investment") in any Car, by reason that such Car is not "new section 38 property" (within the meaning of Section 48(b) of the Code) with respect to the Lessor at the commencement of the Initial Term with respect to such Car or, (ii) due to any act or omission of the Lessees or the use of any Car "by the United States, any State or political subdivision thereof, any international organization (other than the International Telecommunications Satellite Consortium or any successor organization), or any agency or instrumentality of any of the foregoing..." within the meaning of Section 48(a) 5 of the Code whereby such Car ceases

to be "section 38 property" (within the meaning of Section 48(b) of the Code) with respect to the Lessor; Lessees shall pay to Lessor as liquidated damages (for the loss of a bargain and not as a penalty) with thirty days of such Final Determination the amount computed under Section 7(b) (3) hereof.

7(b) (2) Lessor shall give Lessees prompt notice of any assertion or proposal by the IRS which if determined adversely to the Lessor would obligate Lessees to pay liquidated damages to Lessor pursuant to Section 7(b) (1). Lessees will be entitled to participate in all proceedings relating to such assertion or proposal at its own expense, and Lessees will use their best efforts to assist and cooperate with Lessor, in the defense thereof; provided, however, that the Lessor shall remain responsible for control of such proceedings and shall retain full power of settlement or other disposition thereof, except that any such settlement or other disposition shall require the approval of the Lessees which approval shall not be unreasonably withheld. Lessees shall promptly pay upon demand all reasonable expenses of outside counsel, including fees and disbursements, incurred by Lessor in connection with any such assertion or proposal by the IRS.

Lessees shall also pay to Lessor as liquidated damages the amount computed under Section 7 (b) (3) thereof if, in the opinion of counsel reasonably satisfactory to Lessees (i) due to any act or omission of Lessees the Lessor may not

reasonably claim an investment credit of 7 percent of Lessor's Qualified Investment in a Car, or may not reasonably fail to recompute an investment credit previously claimed with respect to any Car, by reason that such Car is not "new section 38 property" (within the meaning of Section 48(b) of the Code) with respect to the Lessor at the commencement of the Initial Term with respect to such Car or (ii) due to act or omission of the Lessees or the use of any Car "by the United States, any State or political sub-division thereof, any international organization (other than the International Telecommunications Satellite Consortium or any successor organization), or any agency or instrumentality of any of the foregoing..." within the meaning of Section 48(a) 5 of the Code) whereby such Car ceases to be "section 38 property" (within the meaning of Section 48(b) of the Code) with respect to the Lessor. The issuance of the opinion referred to in the preceding sentence of this paragraph shall be considered to be a Final Determination for all purposes of Sections 7(b) (1) and 7(b) (2) hereof. In such event, at Lessees' request, and at the Lessees's sole expense, Lessor will file and prosecute a claim or claims for refund of Federal income tax which would result from the allowance of, or failure to recompute, such investment credit and, if any such refunds and interest thereon are allowed and Lessees have fulfilled their obligation to pay liquidated damages under this Section 7(b) (2), Lessor will repay to Lessees the amount so recovered.

Unless the terms of this Lease or any waiver of the terms

hereof specifically provide otherwise by express reference to this Section 7(b) (2), the obligations of the Lessees under this Section 7(b) (2) to pay liquidated damages under the circumstances provided for herein shall not be reduced or eliminated, except that (i) the Lessee shall be under no obligation whatsoever to pay any such liquidated damages if a Final Determination determines that this lease constitutes a sale for Federal income tax purposes, and (ii) the Lessees shall be under no obligation to pay any such liquidated damages with respect to any car lost, stolen or destroyed or damaged beyond economic repair, or requisitioned, taken over or nationalized as provided in Section 9 hereof and for which car the Lessees shall have paid the Lessor the applicable stipulated loss value thereof as provided in Section 9 hereof,

7(b) (3) The liquidated damages provided for in Section 7(b) (2) hereof shall be an amount equal to the sum of

(a) The quotient of (i) the difference between 7 percent of Lessor's Qualified Investment in the Car (or the total investment credit previously allowed the Lessor if there has been a previous Final Determination with respect to such Car) and the investment credits with respect to the Car which are allowed to the Lessor (before taking into account any limitation on the amount of such credit based on the Lessor's Federal income tax liability), divided by (ii) that percentage which is the difference between (A) 100 percent and (B) the highest effective Federal income tax and/or excess profits tax rate generally applicable to domestic corporations for the taxable year of Lessor

in which such Final Determination is made (including therein the effect of any applicable surtax, surcharge and/or any other Federal tax or charge related to net income or excess profits, or related to any tax on net income or excess profits) herein-after referred to as the "Federal Tax Rate"), plus

(b) (i) Any penalties attributable to any act or omission of the Lessees required to be paid by the Lessor with respect to such Final Determination divided by that percentage which is the difference between (A) 100 percent and (B) the Federal Tax Rate, and (ii) the amount of any interest required to be so paid.

SECTION 8. MAINTENANCE, LIENS AND INSURANCE

(a) Lessor makes no warranty or representation, either express or implied, in respect of the Cars, including, without limitation, any warranty or representation as to the merchantability, fitness, design or condition of, or as to the quality of the material, equipment or workmanship in, or the quality of suitability of the Cars delivered to Lessees hereunder, it being agreed that all such risks, as between Lessor and Lessees are to be borne by Lessees.

(b) Lessees agree, during the continuance of this Lease, at Lessees' own cost and expense, to maintain and keep all of the Cars in first class condition and repair and in good efficient working order, reasonable wear and tear excepted, and acceptable for use in unrestricted interchange. Except for

alterations or changes required by law, Lessees shall not, without the prior written approval of Lessor, effect any change in the design, construction or body of the Cars.

(c) Lessees agree that Lessor shall not be liable to Lessees for any liability, claim, loss, damage or expense of any kind or nature caused, directly or indirectly, by any Car or any inadequacy thereof for any purpose, or any deficiency or defect therein, or the use or maintenance thereof, or any repairs, servicing or adjustments thereto, or any delay in providing or failure to provide any thereof, or any interruption or loss of service or use thereof, or any loss of business, or any damage whatsoever and howsoever caused.

(d) Any parts installed or replacements made by Lessees upon any Car shall be considered accessions to such Car and title thereto shall be immediately vested in Lessor, without cost or expense to Lessor except that this shall not apply to special equipment installed in any Car by Lessees with the consent of Lessor provided that such equipment is removed by Lessees before the Cars are returned to Lessor and all damage resulting from such installation and removal is repaired by Lessees and further provided that removal of such equipment does not affect the Cars' serviceability or use in unrestricted interchange.

(e) Lessees shall pay or satisfy and discharge any and all sums claimed by any party against Lessees which, if unpaid, might become a lien or a charge upon the Cars or entitled to

priority over any of the rights of Lessor in and to the Cars, but Lessees shall not be required to discharge any such claim so long as they shall in good faith and by appropriate legal proceedings contest the validity thereof in any reasonable manner which, in the opinion of Lessor, will not affect or endanger the title and interest of Lessor in and to the Cars.

(f) Lessees shall, at their own cost and expense, insure each Car from the time of delivery and acceptance thereof and at all times thereafter until Lessees' obligations under this lease with respect to such Car has been discharged, against loss, damage or destruction thereof caused by fire, lightning, theft, wreck, derailment, collision, flood, tornado, cyclone, sabotage, riot or civil commotion, such insurance, in the case of each Car, to be in an amount reasonably satisfactory to the Lessor, except that such coverage may be limited so that any loss (1) amounting to less than \$2500 per Car or (2) amounting to more than \$250,000 per occurrence, shall not be payable by the insurer. In addition Lessees shall with respect to the Cars maintain Public Liability coverage satisfactory to Lessor as set forth in Exhibit E which is attached hereto. Except for liability insurance, all such insurance (a) shall be taken for the benefit of Lessor and Lessees, as their respective interests may appear, in an insurance company or companies satisfactory to Lessor and (b) shall insure the respective interests of Lessor and Lessees in the Cars and

shall provide that the proceeds of such insurance shall be payable to Lessor. All insurance proceeds received by Lessor with respect to any Car shall:

(i) be paid to Lessees, in the case of repairable damage to such Car or Cars, upon receipt by Lessor from Lessees of proof in duplicate satisfactory to Lessor of the proper repair of such damage; or

(ii) be applied by Lessor, in the case of the loss, destruction or damage beyond repair of such Car or Cars, towards the satisfaction of Lessees' obligation to make the payment required by Section 9 hereof.

(g) All such policies required above shall contain a provision to the effect that the insurer will give Lessor thirty (30) days prior written notice before cancellation, termination, or modification of any such policy is effective.

(h) In the event Lessees are notified that Lessor has assigned this Lease and/or the rentals payable hereunder, Lessees shall provide insurance containing loss payable clauses satisfactory to both Lessor and Lessor's assignee. The Lessees shall furnish Lessor or Lessor's assignee with certificates or other satisfactory evidence of the maintenance of the insurance required hereunder.

(i) Except as provided in paragraph (j) of this Section 8, the proceeds of any insurance received by Lessor on account of or for any loss or casualty shall be released to Lessees

sixty (60) days after such nationalization, Lessees shall promptly and fully inform Lessor of such occurrence and shall, within thirty (30) days after such occurrence, pay to Lessor, as liquidated damages in lieu of any further claim of Lessor hereunder in respect of such Car, except for accrued rent and such claims as arise or exist under Section 8 hereof, an amount equal to the Stipulated Loss Value in Exhibit D, less the amount of any insurance recovery received by Lessor.

SECTION 10. COMPLIANCE WITH LAWS AND RULES: INDEMNIFICATION.

Lessees agree to comply in all respects with all laws of the jurisdictions in which their operations involving the Cars may extend and with all lawful rules of the Federal Railroad Administration and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over Lessees or over the Cars, to the extent that such laws and rules affect the operation, maintenance or use of the Cars. In the event such laws or rules require the alteration of the Cars, Lessees will conform therewith, at Lessees' expense, and will maintain the same in proper condition for operation under such laws and rules; provided, however, that Lessees may, in good faith, contest the validity and application of any such law or rule in any reasonable manner which does not, in the opinion of Lessor, adversely affect the property or rights of Lessor as owner hereunder.

Lessees hereby agree to indemnify, reimburse and hold Lessor harmless from any and all claims, demands, suits, judgments or causes of action for or on account of injury to or death of persons, or loss or damage to property which may result from or grow in any manner out of the control, use or operation of the Cars under this Lease whether or not in the possession of Lessees, provided, however, that Lessees do not assume liability in respect of representatives, agents or employees of the manufacturer or Lessor and provided further that Lessor will assign or pay over to Lessees any and all claims which it may have against third parties in respect of loss or damage to the Cars if Lessees are not in default under this Lease.

SECTION 11. DEFAULT. If, during the continuance of this Lease or any extension thereof, one or more of the following events shall occur:

(a) default shall be made in the payment of any part of the rental provided in Section 3 hereof, or of any other sum to be paid hereunder, and such default shall continue for five (5) days after written notice from Lessor to Lessees;

(b) Lessees shall make or suffer any unauthorized assignment or transfer of this Lease or of possession of the Cars or any of them, except for requisitioning, taking over or nationalization as provided in Section 9 hereof, and shall fail or refuse to cause such assignment or transfer to be cancelled by agreement of all parties having any interest therein and to recover

possession of such Car or Cars within thirty (30) days after written notice from Lessor to Lessees demanding such cancellation and recovery of possession;

(c) default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of Lessees contained herein and such default shall continue for thirty (30) days after written notice from Lessor to Lessees specifying the default and demanding the same to be remedied;

(d) any material representation made by Lessees herein or hereunder or in any certificate or other instrument delivered under or pursuant to any provision hereof shall prove to have been false or incorrect in any material respect on the date as of which made;

(e) the order dated *April 21*, 1972 of the United States District Court for the Eastern District of Pennsylvania in the pending proceedings for the reorganization of the Railroad, authorizing the execution and delivery of this Lease by Lessees and their undertaking of the obligations, duties and liabilities hereof, shall be reversed, modified, amended or superseded in any material respect which might adversely affect any of the rights, powers, privileges and remedies of the Lessor under this Lease or of any assignee of the Lessor's right, title and interest in and under this Lease, and the order effecting such reversal, amendment, modification or superseding of said order shall not have been vacated or set aside or stayed within sixty

(60) days from the date of entry thereof;

(f) a plan or reorganization of the Railroad is approved by the Court in the pending proceedings for the reorganization of the Railroad and said plan does not provide for the assumption by the Railroad Company as hereinafter defined of each and every obligation of Lessees under this Lease in form and substance satisfactory to Lessor;

(g) a petition for reorganization under Section 77 of the Bankruptcy Act, as now constituted or as said Section 77 may be hereafter amended, shall be filed by or against any Reorganized Company as hereinafter defined and all the obligations of Lessees under this Lease shall not have been duly assumed by a trustee or trustees appointed in such proceedings or otherwise given the same status as obligations assumed by such a trustee or trustees within thirty (30) days after such appointment, if any, or sixty (60) days after such petition shall have been filed, whichever shall be earlier; or

(h) any proceedings shall be commenced by or against any Reorganized Company as hereinafter defined for any relief under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of the indebtedness payable hereunder), and all the obligations of Lessees under this Lease shall not have been duly assumed by a trustee or trustees or

receiver or receivers appointed for such Reorganized Company or for its property in connection with any such proceedings or otherwise given the same status as obligations assumed by such a trustee or trustees or receiver or receivers, within thirty (30) days after such appointment, if any, or sixty (60) days after such proceedings shall have been commenced, whichever shall be earlier; then in any such case (herein sometimes called an Event of Default), Lessor, at its option, may

(1) proceed by appropriate court action or actions, either at law or in equity, to enforce performance by Lessees of the applicable covenants of this Lease or to recover damages for the breach thereof; or

(2) by notice in writing to Lessees terminate this Lease, whereupon all right of Lessees to the use of the Cars shall absolutely cease and determine as though this Lease had never been made, but Lessees shall remain liable as herein provided; and thereupon Lessees shall deliver possession of the Cars to Lessor in accordance with Section 15 hereof unless such delivery is impossible because the Cars or any portion thereof were requisitioned, taken over or nationalized as described in Section 9 and Lessor may, without Court order or without any other authorization, by its agents enter upon the premises of Lessees or other premises where any of the Cars may be and take possession of all or any of such Cars (damages

occasioned by such taking of possession are hereby expressly waived by Lessees) and thenceforth hold, possess and enjoy the same free from any right of Lessees, or Lessees' successors or assigns, to use the Cars for any purpose whatever; but Lessor shall nevertheless, have a right to recover from Lessees any and all amounts which under the terms of this Lease may be then due or which may become due and unpaid for the use of the Cars (including rentals accruing on the Cars after the date of default); and also to recover forthwith from Lessees (to the extent not recovered pursuant to the foregoing) the following:

(i) as damages for loss of the bargain and not as a penalty, a sum, with respect to each Car, which represents the excess of (x) the present value, at the time of such termination, of the entire unpaid balance of all rentals for such Car which would otherwise have accrued hereunder from the date of such termination to the Initial Term Terminal Day of this Lease as to such Car over (y) the then present value of the rentals which the Lessor reasonably estimates to be obtainable for the Car during such period, such present value to be computed in each case on a basis of a discount at a rate equal to the lesser of 7.60% per annum and Manufacturers Hanover Trust Company's prime commercial loan rate in effect on the date of such termination

on 90-day loans to responsible and substantial corporate borrowers (such prime rate being hereinafter called the "Prime Rate"), compounded monthly from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, (however, in no event shall the present value of the rentals for the purposes of this Section 11 exceed any actual rentals due Lessor from a third party pursuant to any contract entered into by Lessor and said third party subsequent to the termination of this Lease);

(ii) Any damages and expenses, including reasonable attorneys' fees, in addition thereto which the Lessor shall have sustained by reason of the breach of any covenant or covenants of this Lease other than for the payment of rental;

(iii) all due and unpaid rent for such Cars and any expenses incurred in the retaking, storage, repairing and lease, sale or other disposition, and reasonable attorneys' fees incurred by Lessor, plus an amount equal to accrued taxes and other amounts payable hereunder by Lessees with respect to the Cars, and all costs, expenses, losses and damages incurred or sustained by Lessor by reason of such default.

If on the date of such termination or repossession, any Car is damaged, lost, stolen or destroyed or subject to requisition, takeover or nationalization by govern-

mental agency, or is subject to any levy, seizure, assignment, application or sale for or by any creditor, Lessees shall also remain liable for payment of the Stipulated Loss Value as specified in Section 9 hereof.

The rights and remedies in this Lease provided in favor of Lessor shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other rights and remedies in its favor existing at law or in equity. Lessees hereby waive any mandatory requirements of law, now or hereafter in effect, which might limit or modify any of the remedies herein provided, to the extent that such waiver is permitted by law. No delay or omission of Lessor in the exercise of any power or remedy given herein shall be deemed a waiver of such power or remedy. In the event of any default, Lessor shall be entitled to recover reasonable costs and expenses, including attorneys' fees, as shall have been expended or incurred by Lessor in the enforcement of any right or privilege hereunder.

SECTION 12. POSSESSION AND USE OF THE CARS,

POSSESSION AND USE OF THE CARS. Unless an Event of Default shall have occurred and be continuing, Lessees shall be entitled to the possession and use of the Cars in accordance with the terms of this Lease. Lessees shall not, without the prior written consent of Lessor, part with the possession or control of, or suffer or allow to pass out of their possession or control, any of the Cars, except that Lessees may permit the use thereof or any part thereof by other railroad companies in the usual interchange of traffic.

SECTION 13. ASSIGNMENT.

(a) All rights, benefits and advantages of Lessor hereunder may be assigned, pledged, mortgaged, transferred or otherwise disposed of, either in whole or in part, and/or Lessor may assign, pledge, mortgage, transfer or otherwise dispose of title to the Cars, with or without notice to Lessee. In the event of any such assignment, pledge, mortgage, transfer or other disposition, this Lease and all of Lessees' rights under this Lease, and all rights of any person, firm or corporation who claims or who may hereafter claim any rights under this Lease under or through Lessees, are hereby made subject and subordinate to the terms covenants and conditions of any chattel mortgages, conditional sale agreements, agreements and assignments, and/or equipment trust agreements covering the Cars of any of them heretofore or hereafter created and entered into by Lessor, its successors or assigns, and to all of the rights of any such chattel mortgagee, assignee, trustee or other holder of the legal title to the Cars. Any assignment or transfer of the Lessees' leasehold interest hereunder in the Cars and possession thereof permitted by this Section 13 that is made by Lessees, their successors or assigns, shall contain language which expressly makes such sublease subject to the subordination contained in this Subsection 13(a). At the request of Lessor or any chattel mortgagee, assignee, trustee or other holder of the legal title to the Cars, the Cars may be lettered or marked to identify the legal owner of the Cars at no expense to Lessees. If during the continuance of this Lease any such marking shall at any time be removed or become illegible, wholly or in part, Lessees shall immediately cause such marking to be restored or replaced,

at Lessor's expense. No such assignment by Lessor shall subject any assignee to or relieve Lessor from any obligation of Lessor hereunder.

(b) Lessees, without the prior written consent of Lessor, shall not sell, assign, transfer or encumber their leasehold interest under this Lease in any of the Cars or sublet any of the Cars, except that Lessees may assign and transfer their leasehold interest hereunder in the Cars and the possession thereof to any railroad which shall have assumed all of the obligations hereunder of Lessees and into or with which Lessees have merged or consolidated (except to the extent that the provisions of any mortgage now or hereafter created on any of the lines of railroad of Lessees or any other liens authorized by the Court in the proceedings for the reorganization of the Railroad may subject such leasehold interest to the lien thereof). Any assignment prohibited by this Section 13 shall be void.

(c) Nothing in this Section 13 shall be deemed to limit the right of Lessees to assign and transfer Lessees' leasehold interest hereunder in the Cars and the possession thereof to a Reorganized Company (as hereinafter defined), or to a governmental agency empowered to acquire railroad equipment provided that all the obligations then existing or to accrue of Lessees under this Lease shall be assumed as a general obligation by such Reorganized Company or governmental agency.

(d) After any assignment and transfer of Lessees' leasehold interest hereunder in the Cars and the possession thereof as

above permitted nothing in this Section 13 shall be deemed to limit the right of the Reorganized Company (as hereinafter defined) as successor to Lessees, at any time further to assign and transfer their leasehold interest hereunder in the Cars and the possession thereof to any successor which shall have assumed all of the obligations hereunder of Lessees and into or with which such Reorganized Company shall have merged or consolidated or which shall have acquired all or substantially all of the property of such Reorganized Company; nor shall anything in this Section 13 be deemed to limit such successive assignments and transfers.

(e) The term "Reorganized Company" shall mean any corporation (which may be the Railroad) or governmental agency which acquires the greater portion of the lines of railroad comprised in the Railroad's estate and thereafter shall include any successor which shall have become such in compliance with paragraph (d) of this Section 13.

(f) The term "Lessees" whenever used in this Lease means George P. Baker, Richard C. Bond, Jervis Langdon, Jr. and Willard Wirtz, Trustees of the property of the Railroad, as well as any successor or additional trustees of such property, before any assignment and transfer of Lessees' leasehold interest hereunder in the Cars and the possession thereof to a Reorganized Company or such governmental agency as hereinbefore provided in this Section 13 and thereafter shall mean any

Reorganized Company or governmental agency.

(g) The liabilities and obligations of said Trustees, George P. Baker, Richard D. Bond, Jervis Langdon, Jr. and Willard Wirtz, as well as of any such successor or additional trustees, under and in respect of this Lease, are the liabilities of such Trustees, or any or all of them, solely as trustees of the property of the Railroad, and not individually. Said Trustees and any successor or additional trustees shall not be relieved of their liabilities or obligations as such Trustees under or in respect of this Lease, except upon any assignment and transfer of Lessees' leasehold interest hereunder in the Cars and the possession thereof to a Reorganized Company or governmental agency as hereinbefore provided in this Section 13.

SECTION 14. REPORTS: RIGHT TO INSPECT THE CARS.

(a) During the continuance of this Lease, and without demand, Lessees agree that they and their agents, employees and representatives will cooperate with Lessor in the investigation and defense of any and all claims against Lessor which may arise as a result of the alleged or apparent improper manufacturing, functioning or operation of any of the Cars and that they will aid in the recovery of damages from any third parties responsible therefor.

(b) During the continuance of this Lease, Lessees will, as soon after the close of each fiscal year of Lessees as practicable, furnish to Lessor in duplicate copies of Lessees'

most recent financial reports, including Lessees' most recent annual report and/or balance sheet and profit and loss statement, certified by either a recognized firm of Certified Public Accountants, or by the chief financial officer designated by Lessees. Interim statements, so certified, will be furnished by Lessees as requested by Lessor.

(c) During the term hereof, Lessees will furnish to Lessor, on or before May 1st in each year (commencing with the year 1972) and on such other dates as Lessor may from time to time reasonably request, an accurate report certified by a duly authorized agent of Lessees or officer of the Railroad stating as of a recent date (but, in the case of each annual statement, not earlier than the preceding December 31 and in the case of any other such statement, not earlier than a date ninety (90) days preceding the date of such statement):

(a) (i) Lessees' car numbers of the Cars then subject to this Lease, (ii) Lessees' car numbers of all Cars that have become worn out, lost, destroyed, irreparably damaged or rendered permanently unfit for use since the date of the previous report (or since the date hereof in the case of the first such report), (iii) Lessees' car numbers of all Cars being repaired or awaiting repairs, and (iv) Lessees' car numbers of all Cars that have been requisitioned, taken over or nationalized by any governmental authority since the date of the previous report (or since the date hereof in the case of the first such report);

(b) that all Cars then subject to the Lease have been maintained

in accordance with Subsection 8(b) hereof or, if such be the case, are then being repaired in accordance with Section 8 hereof, and that the legend placed on the Cars as required by Section 6 hereof has been preserved or repainted on each side of each Car and that Lessees' identifying reporting mark and the appropriate car number have been preserved or repainted on each side of each Car as required by Section 6 hereof; and (c) such other information regarding the location, condition and state of repair of the Cars as Lessor may reasonably request.

(d) Lessor and/or its assignee shall have the right, at its sole cost and expense, by its authorized agents, employees and/or representatives, to inspect the Cars and Lessees' records with respect thereto, at such times and from time to time during the continuance of this Lease as may be reasonably necessary to confirm to the satisfaction of Lessor and/or its assignee the existence and proper maintenance of the Cars; provided, however, that notwithstanding any contrary provision hereof, Lessees do not assume liability for injury to, or the death of, any agents, employees and/or representatives of Lessor or other persons while exercising any right of Lessor and/or its assignee under this Subsection 14(d).

SECTION 15. RETURN OF CARS. Upon the expiration of the term of this Lease, or if Lessor shall rightfully demand possession of the Cars pursuant to this Lease or otherwise, Lessees shall forthwith remove or cause any lettering of the names or initials or other insignia customarily used by Lessees

to be removed from the Cars at their cost and expense and deliver the possession of the Cars to Lessor. For such purpose Lessees shall at their own cost and expense forthwith assemble the Cars and place them upon such storage tracks of Lessees as Lessor may designate, or, in the absence of such designation, as Lessees may select, and Lessees shall permit Lessor to store said Cars on such tracks for a period not exceeding one hundred (100) days from the date that all Cars are so assembled at the risk of Lessor, and shall at their own cost and expense transport or cause to be transported the same or any thereof, at any time within such one hundred (100) day period, to Manufacturer's plant at East Chicago, Indiana, Plant No. 1 or to any place or places on the lines of railroad operated by them or to any connecting carrier for shipment, all as directed by Lessor. The assembling, delivery, storage and transporting of the Cars as hereinabove provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises Lessor shall be entitled to a decree against Lessees so as to assemble, deliver, store and transport the Cars.

Without in any way limiting the obligation of Lessees under the foregoing provisions of this Section 15, Lessees hereby irrevocably appoint Lessor as the agent and attorney of Lessees, with full power and authority, at any time while Lessees are obligated to deliver possession of any Car to Lessor, to demand and take possession of such Car in the name

and behalf of Lessees from whomsoever shall be at the time in possession of such Car.

Except as otherwise provided in Section 9 hereof, in the event that any Car or Cars subject to this Lease are not redelivered to Lessor on or before the date on which the term of this Lease expires, all of the obligations of Lessees under this Lease with respect to such Car or Cars shall remain in full force and effect until such Car or Cars are redelivered to Lessor.

SECTION 16. PURCHASE OPTIONS. Provided that this Lease has not been earlier terminated and Lessees are not in default hereunder, Lessees may elect to purchase all but not less than all of the Cars covered by this Lease at the times and in the manner specified in Section 2 hereof.

If on or before four months prior to the intended purchase, Lessor and Lessees are unable to agree upon a determination of the Fair Market Value of the Cars, the Fair Market Value shall be determined by an appraiser or appraisers under the same procedures as are set forth in Section 3 hereof for the Fair Rental Value referred to therein.

Fair Market Value shall mean at any time for the determination thereof an amount determined on the basis of, and equal to, the value which would obtain in an arm's-length transaction between an informed and willing buyer-user (other than (i) a lessee currently in possession and (ii) a used equipment dealer) and an informed and willing seller under no compulsion to sell

and, in such determination, costs of removal from the location of current use shall not be a deduction from such value.

SECTION 17. MODIFICATION OF LEASE. This Lease exclusively and completely states the rights of the Lessor and Lessees with respect to the Cars. No modification, variation, termination, discharge or abandonment hereof and no waiver of any of the provisions or conditions shall be valid unless in writing and signed by duly authorized representatives of Lessor and Lessees, or the successors, transferees or assigns of either, subject, however, to the limitations on assignment hereof by Lessees.

SECTION 18. SECTION HEADINGS AND CERTAIN REFERENCES. All section headings are inserted for convenience only and shall not affect any construction or interpretation of this Lease. Unless otherwise indicated, all references herein to sections, subsections, clauses and other subdivisions refer to the corresponding sections, subsections, clauses and other subdivisions of this Lease; the words "herein", "hereof", "hereby", "hereto", "hereunder", and words of similar import refer to this Lease as a whole and not to any particular section, subsection, clause or other subdivision hereof; and reference to a numbered or lettered subdivision of a section shall include relevant matter within the section which is applicable to but not within such numbered or lettered subdivision.

SECTION 19. CERTAIN APPLICABLE LAWS. Any provision hereof prohibited by or unlawful or unenforceable under any applicable

law of any jurisdiction shall as to such jurisdiction be ineffective without modifying the remaining provisions of this Lease. Where, however, the provisions of any such applicable law may be waived, they are hereby waived by Lessees to the full extent permitted by law, to the end that this Lease shall be deemed to be a valid, binding agreement enforceable in accordance with its terms.

SECTION 20. INTEREST ON OVERDUE RENTALS, DAMAGES AND OTHER OBLIGATIONS

Anything to the contrary herein contained notwithstanding, any nonpayment of rentals, damages or other obligations due hereunder shall result in the obligation on the part of the Lessee promptly to pay also an amount equal to 10% per annum, compounded monthly, of the overdue rentals, damages or other obligations for the period of time during which they are overdue.

SECTION 21. 360 DAY YEAR. Computations hereunder involving the determination of interest shall be made on the basis of a 360-day year of twelve 30-day months.

SECTION 22. NOTICES. All demands, notices and other communications hereunder shall be in writing and shall be deemed to have been duly given when personally delivered to Lessees or any officer of Lessor or delivered to the United States post office, registered to certified, postage prepaid, or to a telegraph office, charges prepaid, addressed as follows:

If to the Lessor:

GATX Leasing Corporation
Suite 2601
One Embarcadero Center
San Francisco, California 94111
Attention: Contracts Administration

If to the Lessees:

Trustees of the Property of
Penn Central Transportation Company, Debtor
Room 1334, Six Penn Center Plaza
Philadelphia, Pennsylvania 19104
Attention: Treasurer

or to such other addresses as may hereafter be furnished in writing by either party to the other.

SECTION 23. GOVERNING LAW. The provisions of this Lease and all rights and obligations hereunder shall be governed by and construed in accordance with the laws of the State of New York.

SECTION 24. SURVIVAL OF COVENANTS. Any other provisions contained in this Lease to the contrary notwithstanding, it is hereby agreed that the provisions of Sections 7, 8, 9, 10, 11, 12, 13, 14 and 15 hereof shall survive the expiration or termination hereof.

SECTION 25. SUCCESSORS AND ASSIGNS. Subject to the provisions of Sections 7 and 13, this Lease shall be binding upon and shall inure to the benefit of Lessor and Lessees and their respective successors and assigns, and no other persons shall have or acquire any right under or by virtue of this Lease.

SECTION 26. EXECUTION IN COUNTERPARTS. This Lease may be executed simulataneously in several counterparts, each of which so executed shall be deemed to be an original, and all such counterparts together shall constitute but one and the same instrument.

SECTION 27. RECORDING. Lessees, without expense to Lessor, will cause this Lease and all amendments, supplements and

assignments hereof or thereof, to be duly filed and recorded and re-filed and re-recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act and this Lease to be deposited with the Registrar General of Canada and notice of such deposit to be given in the "Canada Gazette" in accordance with Section 86 of the Railway Act of Canada (1970-RSC). Lessees will promptly furnish to Lessor certificates or other evidences of such filing and recording and re-filing and re-recording and an opinion satisfactory to Lessor of Counsel for Lessees, or an attorney designated by him satisfactory to Lessor, with respect thereto. In addition, Lessees shall do and perform all such other acts as may be required by law, or reasonably requested by Lessor, for the protection of Lessor's title to and interest in the Cars.

SECTION 28. OTHER EQUIPMENT LEASES AND SECURED OBLIGATIONS.

Lessees agree that, during the continuance of this Lease, Lessees will not assume or enter into any other leases of equipment, equipment trust agreements, conditional sale agreements or other liabilities or obligations in connection with the leasing or financing of the acquisition of equipment, (i) if such liabilities or obligations would be entitled, directly or indirectly, to any priority in right of payment over the obligations of Lessees under this Lease, or (ii) if such liabilities or obligations would be secured, directly or indirectly, by any mortgage, lien or other security interest

in property of the Railroad or Lessees (except the equipment or other property involved in the particular transaction) unless the obligations of Lessees under this Lease are equally and ratably secured thereby.

IN WITNESS WHEREOF, Lessor has caused this Lease to be executed in its corporate name, by one of its officers thereunto duly authorized, and its corporate seal to be hereunto affixed and duly attested, and Lessees have caused this Lease to be executed on their behalf by one of the Lessees thereunto duly authorized, all as of the day and year first above written.

GATX LEASING CORPORATION

By

E. S. Golan
Vice President

Attest:

Thompson W. Ryan
Assistant Secretary

GEORGE P. BAKER, RICHARD C. BOND,
JERVIS LANGDON, JR., AND WILLARD WIRTZ,
TRUSTEES OF THE PROPERTY OF PENN CENTRAL
TRANSPORTATION COMPANY, DEBTOR

By


W. R. Kline
Vice President - Finance and Accounting

Witness:

H. N. Durlan
Assistant Secretary

COMMONWELATH OF PENNSYLVANIA)
) SS.
CITY AND COUNTY OF PHILADELPHIA)


On this 19th DAY OF April, 1972, before me personally appeared E. S. Yocum, to me personally known, who, being by me duly sworn, said that he is a Vice President of GATX Leasing Corporation, that said instrument was signed on behalf of said Corporation on this day by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.


Notary Public

My Commission expires July 21, 1975

COMMONWEALTH OF PENNSYLVANIA)
) SS.
CITY AND COUNTY OF PHILADELPHIA)

On this 27th Day of April, 1972, before me personally appeared H. P. Smith, to me personally known, who, being by me duly sworn said that he is a Vice President of the Trustees of the property of Penn Central Transportation Company, Debtor, that the foregoing instrument was signed by him on this day on behalf of and by authority of the Trustees of the property of Penn Central Transportation Company, Debtor, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Trustees.


Notary Public

My Commission expires July 21, 1975

EXHIBIT A

<u>Description of Cars</u>	<u>Number of Cars</u>	<u>Specifications</u>	<u>Base Price Per Car</u>	<u>Initial Term Monthly Rental</u>
Airslide Cars (covered hopper cars equipped with air activated unloading devices)	100 Numbered PC-897900 to PC-897999, both incl.	Manufacturer's Specifications #RCE 3130,70-119	\$19,983.10	\$185.25

EXHIBIT B

CERTIFICATE OF INSPECTION AND ACCEPTANCE

Through their authorized representatives, George P. Baker, Richard C. Bond, Jervis Langdon, Jr. and Willard Wirtz, as Trustees of the property of Penn Central Transportation Company, Debtor, (Lessees), do hereby certify to GATX Leasing Corporation (Lessor) that _____ Airslide cars (Delivered Cars) manufactured by General American Transportation Corporation (Manufacturer), bearing the identifying reporting mark _____ and car numbers of Lessees as follows:

have been delivered as of this _____ day of _____, 1972 (Delivery Date) pursuant to the Lease of Railroad Equipment, dated ~~as of~~ April 27, 1972, between Lessor and Lessees (the Lease); and the Lease with respect to said Delivered Cars shall commence as of the said Delivery Date.

The Lessees further certify:

1. that during the manufacture of said Delivered Cars by the Manufacturer, the Lessees either personally or through qualified inspectors working under his supervision, inspected, in accordance with inspection and testing practices and methods which in his opinion are adequate for the protection of Lessor, the materials and other components which were incorporated in, and the construction of, said Delivered Cars;

2. that the materials and other components incorporated in, and the construction of, said Delivered Cars comply fully with, and said Delivered Cars have been completed in full accordance with, the Specifications referred to in the Lease; and was otherwise in all respects satisfactory and acceptable to Lessee on said Delivery Date.

2.

3. that said Delivered Cars have been delivered in good order and ready for service by the Manufacturer to the Lessor and on behalf of the Lessor to the Lessees, f.o.t. Blue Island, Illinois, and were accepted by the Lessees as of the Delivery Date in accordance with the provisions of the Lease;

4. that there was plainly, distinctly, and conspicuously placed upon each side of each such Delivered Cars at the time of its delivery and acceptance a legend bearing the following words in letters not less than one inch in height:

"GATX LEASING CORPORATION
SAN FRANCISCO, CALIFORNIA
OWNER AND LESSOR"

Dated _____, 1972.

Duly Authorized Representative
of GATX Leasing Corporation
and of George P. Baker, Richard
C. Bond, Jervis Langdon, Jr.
and Willard Wirtz, as Trustees
of the property of Penn Central
Transportation Company, Debtor.

EXHIBIT C

SUPPLEMENT DATED TO LEASE OF RAILROAD
EQUIPMENT DATED ~~AS OF~~ *April 27, 1972* FROM GATX LEASING
CORPORATION, Lessor, to GEORGE P. BAKER, RICHARD C. BOND,
JERVIS LANGDON, JR. AND WILLARD WIRTZ, TRUSTEES OF THE PRO-
PERTY OF PENN CENTRAL TRANSPORTATION COMPANY, DEBTOR, Lessees.

Lessor and Lessees agree that the Cars, as defined below,
are the only cars subject to the Lease and that all other cars
described in the Lease are hereby deleted therefrom.

Lessor and Lessees hereby confirm that the below described
Airlide cars (the Cars) manufactured by General American
Transportation Corporation (Manufacturer) for sale to Lessor were
delivered to Lessees on or before the date hereof:

Lessor and Lessees confirm that the Cars were inspected
by duly appointed and authorized representatives of Lessees
in accordance with Section 1 of the aforesaid Lease of Railroad
Equipment. Such inspection showed (a) that the Cars have been
constructed in accordance with the Specifications, all applicable
Federal Railroad Administration requirements and all standards
recommended by the Association of American Railroads and (b)
that there was plainly, distinctly, permanently and conspicuously
placed upon each side of each Car a legend on which plainly and
conspicuously appear the following words in letters not less
than one inch in height:

"GATX LEASING CORPORATION,
SAN FRANCISCO, CALIFORNIA
OWNER AND LESSOR"

and that each side of each Car was plainly and distinctly
marked with the Railroad's Road Number set forth above with
respect thereto.

Lessor and Lessees confirm that on the aforesaid dates of delivery the Cars were duly accepted by a representative of Lessees in accordance with Section 1 of the Lease of Railroad Equipment, and Lessees acknowledge that the Cars are now held by Lessees subject to the terms and conditions of the aforesaid Lease of Railroad Equipment including the payment of the rentals provided for therein with respect to the Cars to Lessor.

IN WITNESS WHEREOF, Lessor has caused this Supplement to be executed in its corporate name, by one of its officers thereunto duly authorized, and its corporate seal to be hereunto affixed and duly attested, and Lessees have caused this Supplement to be executed on their behalf by one of the Lessees thereunto duly authorized, the day and year first above written.

GATX LEASING CORPORATION

Attest:

By _____
Vice President

Assistant Secretary

GEORGE P. BAKER, RICHARD C. BOND,
JERVIS LANGDON, JR., AND WILLARD
WIRTZ, TRUSTEES OF THE PROPERTY
OF PENN CENTRAL TRANSPORTATION
COMPANY, DEBTOR

By _____

Witness:

EXHIBIT D

The table below provides a list of the Lessor's Stipulated Loss Values states as a percentage of the Base Price per Car (as indicated in Exhibit A) throughout the Initial Term. The Stipulated Loss Value during any Extended Term shall be 15%.

<u>Beginning of Month</u>	<u>Stipulated Loss Value Expressed as a Percentage of the Car's Basic Price</u>
0	100.0000
1	100.1322
2	100.2586
3	100.3790
4	100.4936
5	100.6023
6	100.7051
7	100.8020
8	100.8930
9	100.9782
10	101.0575
11	101.1308
12	101.1983
13	101.2599
14	101.3157
15	101.3655
16	101.4095
17	101.4475
18	101.4797
19	101.5060
20	101.5265
21	101.5410
22	101.5496
23	101.5524
24	101.5493
25	101.5403
26	101.5254
27	101.5046
28	101.4780
29	101.4454
30	101.4070
31	101.3627
32	101.3125
33	101.2564
34	101.1944
35	101.1266

<u>Beginning of Month</u>	<u>Stipulated Loss Value Expressed as a Percentage of the Car's Basic Price</u>
36	101.0529
37	96.3066
38	96.2211
39	96.1298
40	96.0325
41	95.9293
42	95.8203
43	95.7054
44	95.5845
45	95.4578
46	95.3253
47	95.1868
48	95.0425
49	94.8922
50	94.7361
51	94.5741
52	94.4062
53	94.2324
54	94.0528
55	93.8672
56	93.6758
57	93.4785
58	93.2753
59	93.0662
60	92.8513
61	87.9637
62	87.7370
62	87.5044
64	87.2659
65	87.0215
66	86.7712
67	86.5150
68	86.2530
69	85.9851
70	85.7113
71	85.4316
72	85.1460
73	84.8545
74	84.5572
75	84.2539
76	83.9448
77	83.6298
78	83.3089
79	82.9822
80	82.6495
81	82.3110
82	81.9665
83	81.6162
84	81.2600
85	76.2313

<u>Beginning of Month</u>	<u>Stipulated Loss Value Expressed as a Percentage of the Car's Basic Price</u>
86	75.8633
87	75.4894
88	75.1097
89	74.7241
90	74.3326
91	73.9352
92	73.5319
93	73.1228
94	72.7077
95	72.2868
96	71.8600
97	71.4273
98	70.9887
99	70.5443
100	70.0939
101	69.6377
102	69.1756
103	68.7076
104	68.2337
105	67.7539
106	67.2683
107	66.7767
108	66.2793
109	65.7760
110	65.2668
111	64.7517
112	64.2307
113	63.7039
114	63.1712
115	62.6326
116	62.0880
117	61.5377
118	60.9814
119	60.4192
120	59.8512
121	59.2773
122	58.6975
123	58.1118
124	57.5202
125	56.9227
126	56.3194
127	55.7101
128	55.0950
129	54.4740
130	53.8471

<u>Beginning of Month</u>	<u>Stipulated Loss Value Expressed as a Percentage of the Car's Basic Price</u>
131	53.2144
132	52.5757
133	51.9312
134	51.2808
135	50.6244
136	49.9623
137	49.2942
138	48.6202
139	47.9404
140	47.2546
141	46.5630
142	45.8655
143	45.1621
144	44.4529
145	43.7377
146	43.0167
147	42.2897
148	41.5569
149	40.8182
150	40.0737
151	39.3232
152	38.5669
153	37.8046
154	37.0365
155	36.2625
156	35.4826
157	34.6969
158	33.9052
159	33.1077
160	32.3042
161	31.4949
162	30.6797
163	29.8587
164	29.0317
165	38.1988
166	27.3601
167	26.5155
168	25.6650
169	24.8086
170	23.9463
171	23.0783
172	22.2042
173	21.3242
174	20.4384
175	19.5467
176	18.6492
177	17.7457
178	16.8363
179	15.9211
180 and thereafter	15.0000

EXHIBIT E

Lessees shall maintain or cause to be maintained, with respect to its activities and operations in which the Cars shall be utilized, liability insurance of the scope and limits normally carried by Lessees, and in such types and limits as are customarily carried by comparable companies under similar circumstances, or as in the judgment of the Lessees' Trustees are adequate to protect activities and operations of Lessees, such insurance to be maintained either through commercial insurers of recognized responsibility or through a program of self-insurance maintained by or for the benefit of Lessees in accordance with sound business practice, or through a combination of such methods. Lessees presently maintain with commercial insurers Personal Injury and Property Damage Liability Insurance, with combined single limit of \$23,000,000 excess of \$2,000,000., covering liability of Lessees', including liability assumed under any contract or agreement, arising out of any occurrence or occurrences caused by or growing out of Lessees' operations anywhere in the world, and all operations incidental thereto.